

## SCHEDULE 2

### SUMMARY OF APPROVED ACTUARY REPORT

#### Introduction

1. Chubb Tempest Life Reinsurance Ltd (“CTLR”) proposes to transfer the long-term business of its United Arab Emirates Branch (“Chubb-UAE” or “Transferring Business”) to Oman Insurance Company P.S.C (“Sukoon”; and together with CTLR, the “Companies” or “Parties”). This will be effected in accordance with a scheme of transfer (“the Scheme of Transfer”, or “the Scheme”) under Bermuda law pursuant to Section 25 of the Bermuda Insurance Act 1978 (the “Insurance Act”), and in accordance with the UAE Federal Law No. 6 of 2007 (the “Insurance Law”).
2. CTLR will seek the Bermuda Monetary Authority’s (“BMA”) no-objection to the Scheme of Transfer and will petition the Supreme Court of Bermuda (“Bermuda Court”) for an order sanctioning the transfer, and concurrently CTLR and Sukoon (“Companies” or “Parties”) will apply to the Central Bank of UAE (“CBUAE”, or jointly the BMA and CBUAE are referred to as the “Regulators”) for approval of the transfer. That petition must be accompanied by a report on the Scheme of Transfer prepared by an approved actuary (“Approved Actuary”).
3. I, Cindy Chou, have been appointed by CTLR to provide an Approved Actuary report for the Scheme of Transfer. My appointment as the Approved Actuary was approved by the BMA on 7 September 2023. I will lead the review and provide the opinions as part of the Approved Actuary’s report.
4. I have 19 years of experience in life insurance in US and Asia combined. I am a Fellow of the Society of Actuaries and a Director with the Insurance Consulting and Technology business of the WTW affiliate. I have Master of Commerce (Actuarial Science) from the Macquarie University, Australia, and Master of Finance from the Boston University, U.S.A. I am in full compliance with the Continuing Professional Development requirements promulgated by the Society of Actuaries.
5. In conducting this work, I have been supported by a team of WTW colleagues that includes other qualified and experienced actuaries.
6. As an Approved Actuary, I would provide my independent opinion on the terms and likely events of the proposed transfer of all long term insurance business (“the Transferring Business”) written by CTLR-UAE.
7. Under the Scheme, CTLR will bear the cost and expenses related to my appointment as the Approved Actuary, and the cost of implementation of the Scheme will be borne by CTLR. This includes but not limited to costs associated with preparation of the Scheme, obtaining Bermuda Court sanctions, and other expenses associated with the Transfer, both incurred before and after the Effective Date (as defined in paragraph 20 below).

#### Outline of the Scheme of Transfer

8. CTLR is a Bermuda exempted company and registered as a Class 3A insurer under the Insurance Act effective 15 January 2010 and a Class E insurer effective 27 September 2011.
9. CTLR's branches in UAE, the Sharjah and Dubai Branch, are registered with the CBUAE with registration no. 081 to conduct life insurance business in the UAE. Chubb has been carrying out business in the UAE since 2007.
10. Sukoon is an insurance company licensed by the CBUAE (registration no. 009) to conduct general and life insurance operations in the UAE.
11. The Companies propose to make an application to the Bermuda Court to transfer CTLR-UAE's long term business from CTLR-UAE to Sukoon according to the terms of the Scheme and.
12. Currently, the CTLR-UAE's operational functions are carried out by five employees managing a portfolio of 214 policies that is closed to new business. Due to its small operation size, CTLR-UAE is heavily relying on its parent company CTLR for Enterprise Risk Management ("ERM") function.
13. After the Scheme takes effect, CTLR-UAE's intention is to wind down CTLR-UAE. A 45-day public notice will be issued in the gazette and two local UAE newspapers. Policyholders who object to the transfer will be handled individually on a case by case basis to validate the merit of their objection.
14. The effective date (the "Effective Date") of the Scheme of Transfer should be mutually agreed by CTLR-UAE and Sukoon following the Bermuda Court sanctioning the Scheme of Transfer and CBUAE approval, or, if requested by CTLR-UAE and Sukoon, specified by the Bermuda Court when sanctioning the Scheme of Transfer.
15. On the Effective Date, Sukoon will assume all the rights, liabilities, and obligations including all outstanding amounts in respect of premium, commission or otherwise due to or from Chubb-UAE policyholders, beneficiaries or brokers of the individual insurance contracts. Both assets and liabilities of the individual contracts will be transferred to Sukoon at the Effective Date, such that the assets transferred will equal the sum of investment contract liabilities and the insurance liabilities of the technical reserves related to Protecta, Critical Illness, Investa, Infinity and Serinity and PA policies. The group life policy ("CTLR Group Policy") that covers the five employees of the branches will not be transferred. Instead, CTLR will provide life coverage to the employees until they are employees of Chubb and terminate the CTLR Group Policy coverage in line with the termination of the employment contracts. Discretionary assets will be transferred in its entirety and are assumed to cover for the guaranteed fund part of the investment contract liabilities.
16. Sukoon will integrate and service the CTLR-UAE policies into its existing insurance and IT systems. Sukoon currently administers similar products of its own and is prepared to integrate the Transferring Business into their systems and provide policyholders with 24/7 access to Sukoon's insurance online and offline systems.
17. CTLR-UAE will procure the reinsurance treaties to be novated to Sukoon with effect from the Effective Date without any change to the terms and conditions and rates. CTLR-UAE will ensure that there is no outstanding reinsurance premium, profit sharing or profit commission. Draft agreements have already been

shared with RGA and GenRe, who has given in-principle agreement to CTLR-UAE. The plan is for Sukoon to assume the treaties' obligations from the Effective Date onwards.

18. The agreements between CTLR and Franklin Templeton & Mashreq Bank (the "Custodian Agreements") will be novated to Sukoon with effect from the Effective Date where required. Chubb-UAE and Sukoon may consider changing the custodian from Franklin Templeton to Allfunds at the transfer or thereafter. Allfunds is the custodian used by Sukoon for its existing business. Sukoon has confirmed that the Transferring Policyholders will not be impacted if the change takes place, and all the current funds in Franklin Templeton will be made available to the Transferring Policyholders.
19. The intended timing of the Transfer is end of Q1 2024. The actual Effective Date is subject to regulatory and Court approvals (the "Bermuda Order") sanctioning the Scheme.

### **Purpose and Scope of the Approved Actuary Report**

20. Under the provisions of Section 25 of the Insurance Act, CTLR must apply to the Bermuda Court by petition for an order sanctioning the Scheme of Transfer. The Supreme Court requires the petition to be accompanied by a report on the Scheme of Transfer prepared by an Approved Actuary.
21. Accordingly, the purpose of this report ("the Report") is to provide an opinion of the likely effect of the Scheme of Transfer on the policyholders of CTLR-UAE and Sukoon. The Report has been prepared pursuant to Section 25 of the Act.
22. The Report is provided for the use of the Bermuda Court, Sukoon, CTLR-UAE, and other affiliated companies under the Chubb Group of companies ("Affiliates") provided that each shall be deemed a "Recipient" hereunder, for the sole purpose of considering the impact of the Scheme of Transfer on the affected policyholders and is not necessarily suitable for any other purpose.
23. The scope of my review is limited to assessing, and providing opinions on, the likely impact of the Scheme of Transfer on the contractual benefits and other rights, reasonable benefit expectations, security of the benefits and service levels for the following two groups of policyholders:
  - the policyholders of CLTR-UAE individual insurance contracts ("Transferring Policyholders") whose policies ("Transferring Policies") comprise the Transferring Business; and
  - The existing policyholders of Sukoon ("Sukoon Policyholders") and their policies ("Sukoon Policies").
24. CTLR also has one group life policy that covers the five Chubb employees of the Chubb-UAE branch. The group life policy will not be part of the transfer, and Chubb-UAE's intention is to continue providing the group life coverage to the five Chubb employees until all the employee contracts have been terminated.
25. In preparing the Report, I have focused on the changes that arise from the Scheme of Transfer, rather than changes that might arise in the ordinary course of business. The scope of my work does not include

assessing the impact of the Schemes on the shareholders of the Companies. I have considered the Schemes as presented to me and have not considered any other alternative schemes.

26. In reviewing the current operations of CTRLR and Sukoon, I have been provided with a substantial amount of information by or on behalf of the Companies. Much of this information is confidential and/or commercially sensitive and is technical in nature. I, therefore, have not explicitly described or quoted such information in the Report unless, in my opinion, it is necessary to do so for the Court and other readers to gain a clear understanding of the potential impacts of the Scheme of Transfer on the groups of policyholders. Nonetheless I have taken this information into consideration in formulating my understanding and opinions of the Scheme of Transfer.
27. CTRLR has on behalf of the Companies, provided me with a letter of representation 15 September 2023 confirming that the information provided is accurate and complete. The Companies have also confirmed that my understanding of the current situation and the Scheme of Transfer, as I have summarized in this Report, contains no material inaccuracies or gaps.

### **Impact of the Proposed Transfer on Policyholders**

28. For the Transferring Policyholders and the Sukoon Policyholders, the security to their long term guarantees and contract obligations should be met by Sukoon's net shareholder assets, which is affected by the level of the reserves and the capital together with additional security provided by Sukoon as a whole. Therefore, the solvency positions of the Companies prior to the Transfer and the expected overall solvency position of Sukoon following implementation of the Scheme are part of my considerations in this report. The two groups of policyholders identified above have entered into long term insurance contracts with specified contractual benefits in future events. The security of the policyholders' benefits and rights are therefore the most important consideration to the Scheme of Transfer.
29. The CTRLR-UAE policyholders currently have policies backed by CTRLR, a company whose level of financial resources exceeds the Bermuda regulatory capital requirements. CTRLR's Bermuda Solvency Capital Requirement Ratio ("BSCR Ratio") is 155% on a consolidated basis as of 31 December 2022. The CTRLR-UAE stand-alone solvency ratio in accordance with the Insurance Authority of UAE's Board of Directors' Decision Number (25) of 2014 Pertinent to Financial Regulations for Insurance Companies ("UAE Statutory Basis") is 216% as of 31 December 2022.
30. CTRLR-UAE manages its funds in a highly conservative manner by either investing the General Account in Government securities or holding cash. Currently, 78% of the assets are held in government securities and 22% are held in either cash or deposits with banks in the UAE. CTRLR-UAE has confirmed that there are no intended changes to the policy terms that defined the contractual benefits and rights of the policyholders.
31. After the transfer, CTRLR-UAE policyholders will have policies backed by Sukoon. Sukoon's current solvency ratio is 269% based on the Solvency Capital Requirement ("SCR"). The addition of the Transferring Business is expected to have minimal impact for the next three years since the size of the Transferring Business is significantly smaller when it is compared to the existing Sukoon business. Based on the information provided by Chubb UAE and Sukoon, I estimate the impact of adding the Transferring

Business to Sukoon's existing portfolio will reduce its SCR ratio by less than 2% points. I have concluded that the Scheme will not adversely affect the financial security of the Transferring Policyholders and the Sukoon Policyholders.

32. For contractual benefits and other rights of Transferring Policyholders, CTRLR-UAE has confirmed that:
- from a contractual standpoint, there is no change to the terms of policy contracts issued by CTRLR-UAE. Therefore, same policy benefits will continue post-transfer. The insurance contracts cannot be changed without a bilateral agreement between Sukoon and the policyholder;
  - the Scheme cannot be altered unless it has the approval of the Bermuda Court and is subject to any conditions which the BMA may require or the Bermuda Court may impose.
33. Similarly, Sukoon has confirmed that under the Scheme of Transfer there are no intended changes to the contractual benefits and rights of Sukoon Policyholders. Sukoon will follow the policy terms & conditions of the Transferring Policies.
34. For universal life products, reasonable expectations considerations include the crediting rate setting, payment of policy benefits when due, and the ongoing management of the policies being consistent with the policy terms and conditions.
35. I understand the Sukoon management team will retain the right to change the underlying principles and method in the future according to the economic or regulatory environment if necessary, and at all time remain in compliance with the policy contractual terms and conditions.
36. The policies in the Transferring Business are currently being administered by the staff of CTRLR-UAE. Sukoon currently administers similar products of its own and is prepared to integrate the Transferring Business into their systems and provide policyholders with 24/7 access to Sukoon's insurance online and offline existing customer services. Sukoon has a dedicated in-house call centre and an extensive in-house agent network to ensure client satisfaction.
37. CTRLR has confirmed that the policyholders will not bear any of the direct costs of implementing the Scheme of Transfer, including and not limiting to those relating to project management, legal, tax and actuarial consultancy costs, licensing fees and policyholder mailings or other communication expenses. These expenses will be borne by CTRLR-UAE, and ultimately, CTRLR, and it should have no impact on Sukoon's solvency position before and after the transfer.
38. I consider that the Scheme of Transfer will have no material effect on the CTRLR-UAE policyholders in respect of matters such as claims settlement, investment management, capital management, underwriting, risk management and expense levels in relation to the security of policyholder's contractual rights and levels of service provided. It is my opinion that the CTRLR-UAE policyholders will not be adversely impacted by the Scheme of Transfer.

39. It is also my opinion that the pre-transfer existing Sukoon policyholders will not be materially adversely affected by the Scheme of Transfer.
40. CTRLR-UAE will procure the reinsurance treaties to be novated to Sukoon with effect from the Effective Date without any change to the terms and conditions and rates. CTRLR-UAE will ensure that there is no outstanding reinsurance premium, profit sharing or profit commission. Draft agreements have already been shared with RGA and GenRe, who has given in-principle agreement to CTRLR-UAE. The plan is for Sukoon to assume the treaties' obligations from the Effective Date onwards.

## Conclusions

41. Based on the above, my opinion is that:

- The Scheme of Transfer will not materially adversely affect the contractual benefits or rights of the two groups of policyholders defined in Paragraph 24 in any respect;
- The Scheme of Transfer will not materially adversely affect the reasonable benefit expectations of the two groups of policyholders in any respect;
- The Scheme of Transfer will not materially adversely affect the security of the two groups of policyholders' benefits in any respect; and
- The Scheme of Transfer will not materially adversely affect the expected levels of service for the two groups of policyholders in any respect.

This summary of my Report is provided to the Companies solely for their use and for the specific purpose indicated. Reproduction in whole or part of this material is strictly prohibited. It should not be relied on as a substitute for specific advice. Therefore, no responsibility for loss occasioned to any person other than the Companies as a result of acting or refraining from acting on the contents of or information contained in the Report can be accepted by WTW.

Independent Expert

